



## DEFENSE FINANCE AND ACCOUNTING SERVICE

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MAR - 2 2001

DFAS-DFM

MEMORANDUM FOR DIRECTOR, MILITARY PAY OPERATIONS, DEFENSE  
FINANCE AND ACCOUNTING SERVICE (PM/CL)

SUBJECT: Interim Change to the DoDFMR, Volume 7A, Regarding  
Revised Rules for Entitlement to Separation Pay  
(DFAS Item J-75)

The attached Interim Change 07-01 to Chapter 35 of the Defense Financial Management Regulation (DoDFMR), Volume 7A, is effective October 30, 2000. This change revises the rules for entitlement to separation pay for Active and Reserve Duty officers twice passed for promotion.

We have evaluated your comments on the proposed change and included them where appropriate. Assignment of the interim change number is your authority to initiate procedural modifications to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7A.

Jerry S. Hinton  
Director for Finance

Attachment:  
As stated

cc: OUSD(C) (ODCFO) (FP)  
DASD(MPP) (Comp)  
ODGC(F)  
Service Liaisons  
USCG/NOAA/PHS Liaisons  
DFAS-DDM/CL  
DFAS-GAM/DE  
DFAS-PMA/CL  
DFAS-PMJE/DE

**REVISED RULES FOR ENTITLEMENT TO SEPARATION PAY**

1. **Add 350202M**, "A Regular officer having twice failed for selection for the promotion to the next higher grade is not entitled to separation pay if that officer, after such second failure of selection for promotion, is selected for, and declines, continuation on active duty for a period that is equal to or more than the amount of service required to qualify the officer for retirement."

2. **Add paragraph 350202N to read**, " A Reserve officer who has failed selection for promotion to the next higher grade for the second time and is to be discharged or released from active duty and, who, after such failure of promotion, is selected for, and declines continuation on active duty:

1. If the period of time for which the officer was selected for continuation on active duty is less than the amount of service that would be required to qualify the officer for retirement, the officer's discharge or release from active duty shall be considered to be involuntary.

2. If the period of time for which the officer was selected for continuation on active duty is equal to or more than the amount of service that would be required to qualify the officer for retirement, the officer's discharge or release from active duty shall not be considered to be involuntary."

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3. **Revise the Bibliography as follows:**

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**Paragraph****Citation**

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350202.M

Public Law 106-398, Section 508,

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Oct 30, 2000

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10 U.S.C. 1174(a)

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350202.N

Public Law 106-398, Section 508,

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Oct 30, 2000  
10 U.S.C. 1174(a)